

Message Text

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54

ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SPC-03 SS-20 STR-08 TRSE-00 DRC-01 /172 W

----- 039176

R 011428Z APR 74

FM AMEMBASSY COTONOU

TO SECSTATE WASHDC 6028

INFO AMEMBASSY ABIDJAN

AMEMBASSY LOME

AMEMBASSY NIAMEY

AMEMBASSY OUAGADOUGOU

AMEMBASSY PARIS

LIMITED OFFICIAL USE COTONOU 513

E.O. 11652: N/A

TAGS: ENRG, DM

SUBJ: DAHOMEY OIL SITUATION

REF: (A) COTONOU 0453

(B) COTONOU 0122

1. MRGD APPROVED MARCH 29 A NEW ROUND OF PRICE INCREASES
FOR PETROLEUM PRODUCTS, THE THIRD IN 1974:

(IN CFA)	OLD PRICE	NEW PRICE	PERCENT INCREASE
SUPER	53.60	63.10	17.7
REGULAR	51.20	61.00	19.5
KEROSENE	31.70	44.70	41.0
GAS-OIL	40.70	51.50	27.1

PRODUCER PRICES FOR KEROSENE JUMPED MORE THAN OTHERS BECAUSE
WORLD PRICES HAVE RISEN MUCH FASTER THAN THOSE FOR OTHER
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PRODUCTS SINCE THE LAST ROUND OF PRICE INCREASES JANUARY 22.

PLUS, LAST PRICE HIKE FOR KEROSENE SAID BY OIL COMPANIES TO BE INSUFFICIENT.

2. THIS TIME MRGD PURCHASED REFINED OIL SHIPMENTS DIRECTLY FROM ALGERIANS (REFTEL A) AND HAS NOT TURNED THEM OVER TO LOCAL OIL COMPANIES FOR DISTRIBUTION. MRGD APPARENTLY HAS LEVIED A SURTAX ON THIS SHIPMENT PETROLEUM PRODUCTS TO RECOUP PART OF COSTS OF ACTING AS INTERMEDIARY -- THUS ADDING MORE PRESSURE TO THE UPWARD SPIRAL OF LOCAL OIL PRICES.

3. INDUSTRY SOURCES FORECAST THAT THREE TANKER SHIPMENTS BOUGHT FROM ALGERIANS WILL BE SUFFICIENT TO MEET DAHOMEY'S NEEDS FOR NEXT FIVE TO SIX MONTHS.

4. THESE SOURCES ALSO ADMITTED MRGD DID NOT FARE QUITE AS POORLY IN NEGOTIATING WITH ALGERIANS AS FIRST BELIEVED. ALTHOUGH MRGD PAID MORE OR LESS WORLD MARKET PRICE FOR ALGERIAN OIL PRODUCTS, THEY PURCHASED HIGHER QUALITY PRODUCT THAN USUALLY SOLD BY LOCAL OIL COMPANIES. SUPER FROM ALGERIAN SHIPMENT RATED 98 OCTANE VERSUS 93 NORMAL FOR DAHOMEY. UNFORTUNATELY, AVERAGE DAHOMEAN CONSUMER WILL HARDLY APPRECIATE FACT THAT HE'S NOW GETTING BETTER GRADE OF FUEL FROM ALGERIANS, BUT WILL ONLY NOTICE THAT IS MUCH MORE EXPENSIVE.
ROSS

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Message Attributes

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